



September 15, 2009

State Farm Federal Credit Union  
One State Farm Plaza  
Bloomington, Illinois 61710

Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System

RE: Docket No. R-1364  
CARD Act of 2009

Dear Ms. Johnson,

I am writing to share concerns with certain provisions of the Credit Card Accountability, Responsibility, and Disclosure Act (CARD Act) that became effective on August 20, 2009. State Farm Federal Credit Union (SFFCU) supports the original intent of the CARD Act to require changes in the way the credit card industry handles some accounts. Our concerns arise from the impact the CARD Act requirements have on our members' open-end loans.

SFFCU does not offer credit cards to members. We provide consumer loans, primarily vehicle and line-of-credit loans. We do not charge late fees. We provide a quarterly consolidated statement, including loan and savings information. Open end lending allows us to keep our costs low and provide a quick and efficient method to process loans for our members. The member is provided a disclosure when the loan is disbursed, describing the amount of each payment and the payment timing. The member chooses the payment schedule that works best for them. The amount and timing of the required payment does not change unless the member contacts the credit union for an additional advance or other change.

In order to comply with the CARD Act 21-day notice requirement, SFFCU has had to change all loan due dates to month end. Additionally, we've had to change nearly 50,000 members with loans from a quarterly to monthly statement cycle. This has resulted in numerous questions and complaints from members. Staff time has been required to explain to members why these changes were necessary. Disclosures were prepared and inserted in all monthly statements for members with loans. Additional statement processing and postage costs are projected to be over \$200,000 annually. These additional costs will necessarily impact our ability to offer our current very low rates to our members with loans.

As stated earlier, we agree with the goal of the CARD Act to require changes in credit card processing. But we can see no benefit to extending these requirements to all open end lending. Members were very happy with the way their open end loans were provided, and are confused and displeased with the changes that have been required to allow SFFCU to comply with the CARD Act.

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It is our understanding that the inclusion of all open end lending in some provisions of the CARD Act was not the intent of Congress. We urge the Board of Governors to use its authority to take one of the following actions:

- Use the Board’s authority under section 104 of the Truth in Lending Act to exempt open end transactions (except credit cards) from the CARD Act requirements. (Section 104 authorizes the Board to exempt transactions that are “not necessary to carry out the purposes of” the Truth in Lending Act.)
- Use the Board’s authority under section 105 of the Truth in Lending Act to facilitate compliance with the Truth in Lending Act by exempting open end transactions (except credit cards) from the CARD Act requirements. (Section 105 requires the Board to consider when the provisions provide a benefit to consumers, and the extent to which the requirements complicate or increase the cost of the transaction.)
- Use the Board’s authority when approving the Final Rule to exempt open end transactions (except credit cards) from the CARD Act requirements.

SFFCU has already incurred the cost of very time consuming research, testing and implementation of changes to our data processing system in order to comply with CARD Act. We’ve incurred costs for developing, printing and inserting a disclosure in our loan member’s statements. We’ve spent considerable time explaining to members why the unwanted changes were required. We’d like to avoid the projected additional statement cost, as much as is possible, and return to our former method of processing loans, as preferred by our members.

We ask that you take action as we’ve requested above to exempt open end loans (except credit cards) from the requirements of the CARD Act. Thank you for allowing us to share our concerns, and for your consideration of our request.

Sincerely,

Thomas W. DeWitt  
CEO  
State Farm Federal Credit Union

cc: Mary Dunn CUNA  
Jeff Bloch CUNA  
Anthony Demangone NAFCU  
Con O’Mahoney ICUL  
Don Edwards ICUL

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